

Briefs

SALARIES GOING UP ■ NEW MODEL ■ FISCAL CLIFF ■ IN MEMORIAM

Salaries for Legal Professionals to Climb 3 Percent in 2013, Guide Finds

Average starting salaries for legal professionals are projected to rise 3 percent in 2013, according to the just-released *Robert Half Legal 2013 Salary Guide*. The largest increases in base compensation are expected for associates, paralegals and legal secretaries at midsize and small-to-midsize law firms. Litigation support specialists also should see greater-than-average salary gains.

“As law firms focus on pursuing new revenue opportunities, the market is strengthening for mid- and senior-level associates with business development skills, extensive client contacts and experience in high-demand practice areas such as healthcare, commercial law and litigation,” said Charles Volkert, executive director of Robert Half Legal. “While salaries have not yet returned to pre-recession levels, many hiring managers are offering above-average compensation and bonuses to attract the industry’s best candidates and retain their most valuable employees.”

Volkert added that many law firms and corporate legal departments are balancing the demands of managing rising workloads with the need to contain costs. “Increasingly, law firm partners and general counsel are bringing in legal professionals on a project basis to access expertise and extra support that may not be available internally,” said Volkert.

According to Robert Half Legal research, average starting salaries for lawyers are expected to increase 3.2 percent in 2013. The position that will see the biggest rise in compensation is a licensed lawyer with four to nine



years of experience at a small-to-midsize law firm (10-35 lawyers). Base compensation for this role is expected to rise 4.9 percent, to the range of \$87,250 to \$157,500 annually, on average. Lawyers with the same amount of experience at midsize law firms (35-75 lawyers) will see starting salaries rise 4.8 percent, to the range of \$119,750 to \$178,250 per year. First-year associates at small-to-midsize law firms will earn between \$58,250 to \$84,750, on average, a 2.1 percent increase from 2012 projections.

Corporate attorneys will see average compensation gains of 3.4 percent over 2012. Starting salaries for licensed in-house attorneys with 10 to 12 years of experience will rise 3.9 percent, to the range of \$134,500 to \$235,500 annually.

Law firm paralegals are expected to see average starting salaries increase 3.3 percent in 2013. The position of midlevel paralegal with four to six years of experience at a midsize law firm should climb by 4.4 percent, to the range of \$53,500 to \$66,000 annually. ■

Corporate Law Departments Use New Model for Legal Services

Corporate law departments are re-negotiating outside counsel fees, shifting work to lower-priced law firms, increasing in-house capacity, opting for alternative service providers and using new technology to develop a more cost-effective legal services model according to more than 200 general counsel polled in the

Altman Weil 2012 Chief Legal Officer Survey.

“Chief legal officers (CLOs) are not waiting for law firms to change their business models,” said Altman Weil principal Daniel J. DiLucchio. “They are taking change into their own hands in 2012 to create a new internal value proposition.”

The survey asked CLOs what they have done in the last 12 months to control costs – their highest management priority as reported in the 2011 survey.

The top answer, from 71 percent of respondents, was to negotiate price reductions from outside counsel. In addition, 47 percent of law departments shifted work from law firms to in-house lawyer staff; 41 percent shifted law firm work to lower priced firms; and 36 percent reduced the total amount of work sent to outside counsel. Ten percent of CLOs reported instituting a law firm convergence program.

In addition to outside counsel cost management, law departments addressed internal cost issues in 2012. Sixty-three percent of departments improved the efficiency of their own procedures to cut costs; 36 percent shifted in-house

work from lawyers to paralegals or other paraprofessionals; 35 percent used contract lawyers; and 25 percent of law departments outsourced some work to non-law-firm vendors to save money.

The methods of cost control that proved most effective were negotiating price reductions and shifting work in-house, according to the survey.

When asked what actions they had taken to improve internal efficiency in the last 12 months, CLOs identified greater use of technology tools as the most often used method, as well as the most effective. Other efficiency enhancers were greater use of paralegals and other paraprofessionals, project staffing with contract or temporary lawyers, outsourcing to non-law-firm vendors and project management training. ■

Economy Unlikely to Break its Neck Falling Over the ‘Fiscal Cliff’

The U.S. economic recovery is continuing, although it remains disappointing. However, a number of policy decisions made earlier, scheduled to take effect at the beginning of next year, could push the economy back into recession in 2013. These policies of currently scheduled income tax increases of close to \$450 billion and spending cuts of close to \$150 billion are known collectively as the federal “fiscal cliff.”

The Social Security payroll tax on employees was reduced by 2 percent in 2011, and that reduction was extended through 2012. That tax cut is set to expire at the end of this year, which would raise payroll taxes by close to \$100 billion. Also, the personal income tax cuts enacted under President Bush – including lower tax rates on capital gains, dividends and estates – will expire at the end of this year unless Congress acts. In addition, as part of the 2011 deal to raise the debt limit, automatic 10 percent across-the-board spending cuts on defense and non-defense discretionary spending will start in January 2013 unless Congress votes to repeal them. Also, as part of the Obama administration’s healthcare reform law, the Medicare payroll tax will be extended to non-wage income next year. In addition, there are other, smaller tax increases and spending cuts that are set to take effect in January 2013.

Fortunately, most of this fiscal tightening will not likely come to pass. We expect that Congress and the president are likely to work out a deal that pushes off most of the spending cuts and avoids most of the income tax increases. Until then, however, uncertainty will likely remain a drag on growth.

Some federal fiscal contraction is likely and in our opinion necessary in 2013. The Social Security payroll tax is expected to go up to its pre-2011 level, and some spending cuts will take effect, which we estimate will total \$150 to \$200 billion in federal fiscal restraint. We anticipate this to weigh on growth, particularly in the first half of next year. However, over the rest of this decade, federal deficit reduction efforts are essential in our view for ensuring the long-term stability of the U.S. economy, even if that retards economic growth during the next few years. ■



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IN MEMORIAM

Joanne Elin Zack
Oct. 4, 2012, Age 58

Michael C. Rainone
Oct. 17, 2012, Age 94

Elkan Katz
Oct. 10, 2012, Age 67

George Jesper Harding III
Oct. 19, 2012, Age 94

Stephen W. Ching Jr.
Oct. 12, 2012, Age 45

Ralph G. Clouser
Oct. 20, 2012, Age 91

Sen. Arlen J. Specter
Oct. 14, 2012, Age 82

Marvin I. Block
Oct. 25, 2012, Age 79

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Director of Development, at 215-238-6334.*